

**STATEMENT OF  
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OF THE  
DISABLED AMERICAN VETERANS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON  
ECONOMIC OPPORTUNITY  
UNITED STATES HOUSE OF REPRESENTATIVES  
SEPTEMBER 24, 2009**

Madame Chairwoman and Members of the Subcommittee:

On behalf of the 1.2 million members of the Disabled American Veterans (DAV), I am honored to present this testimony to address various bills before the Subcommittee today. In accordance with our congressional charter, the DAV's mission is to "advance the interests, and work for the betterment, of all wounded, injured, and disabled American veterans." We are therefore pleased to support various measures insofar as they fall within that scope.

The Veteran-Owned Small Business Promotion Act of 2009, H.R. 294, reinstates and modifies this program, which was terminated at the end of fiscal year 1986. The previous veteran-owned small business loan program authorized the Department of Veterans Affairs (VA) to provide loans to veteran-owned small businesses for:

- Financing plant construction, conversion, or expansion;
- Financing the acquisition of equipment, facilities, machinery, supplies, or materials;  
or
- Supplying working capital.

While it would repeal the authority to make direct loans, it would instead grant loan guarantees for qualified veterans. It would also:

- Reduce the minimum disability rating eligibility from 30 percent to 10 percent.
- Expands eligibility to all veterans which, under current law, was limited to Vietnam era veterans and veterans discharged or released due to a disability incurred or aggravated in the line of duty.
- Increases the maximum loan guaranty amount from \$200,000 to \$500,000;
- Authorizes the VA to subsidize a loan lender in order to reduce by up to one-half percent the interest rate paid by the veteran-owned small business;
- Includes, under a loan preference, members of the National Guard and reserves activated in support of the Global War on Terrorism;
- Limits performance bond requirements of veteran-owned small businesses with respect to the construction, alteration, or repair of any Department of Veterans Affairs (VA) public building or public work; and

- Treats a small business owned and controlled by veterans as a socially and economically disadvantaged small business for purposes of contracts awarded to the latter businesses under provisions of the Small Business Act.

As noted in the *Independent Budget (IB)*, a policy document prepared annually by the DAV, Amvets, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States, veterans, particularly veterans who are service disabled, have difficulties obtaining financial support to establish or maintain a small business. In an effort to assist veterans with financing a business, the Small Business Administration (SBA) has established a new loan program entitled “The Patriot Express Loan Initiative.” Under this program, veterans can obtain business loans up to \$500,000 and qualify for SBA’s maximum loan guarantee of up to 85 percent of the loan value of \$150,000 or less, and 75 percent guarantee for loans more than \$150,000. Unfortunately, lenders require collateral to secure the 15 percent to 25 percent of the loan not covered by the SBA guarantee. This collateral requirement actually restricts most recently discharged veterans from obtaining small business loans due to insufficient collateral.

It was the IB’s recommendation that the VA should establish a loan-guarantee program similar to its current VA Home Loan Guarantee program to provide recently discharged veteran entrepreneurs the security needed to establish a small business after they have left the military service, even though they may be starting with little or no income or collateral.

While H.R. 294 would not authorize loans, it does provide VA-backed loan guarantees, the reduction of interest rates by one-half percent, and limits performance bond requirements of veteran-owned small businesses with respect to the construction, alteration, or repair of any Department of Veterans Affairs (VA) public building or public work, treats a small business owned and controlled by veterans as a socially and economically disadvantaged small business for Small Business Act-awarded contracts, and other beneficial provisions. Although the DAV has no resolution on this issue, we are not opposed to the favorable consideration of this legislation.

H.R. 1169 addresses both specially adapted housing and the purchase of automobile and their adaptive equipment. It increases:

- from \$12,000 to \$36,000 the maximum amount authorized to be provided by the VA to certain disabled veterans for specially adapted features in a home;
- from \$60,000 to \$180,000 the total amount authorized to be provided per veteran for the construction of specially adapted housing; and
- from \$11,000 to \$33,000 the maximum amount authorized to be provided for the purchase of automobiles and adaptive automobile equipment.

The specially adapted housing provision is in partial agreement with one provision of DAV’s Resolution No. 176, which seeks to provide an increase in the specially adapted housing grant to veterans who have incurred service-connected disabilities consisting of loss or loss of use of both lower extremities, total blindness together with loss or loss of use of one lower extremity, or loss or loss of use of one lower extremity together with either the loss or loss of use

of an upper extremity or other organic disease that requires use of a wheelchair or the use of braces, crutches, or canes.

We would also ask for the Committee's consideration by amending this bill to provide for automatic annual adjustments based on increases in the cost of living to be in concert with the second provision of Resolution No. 176. Such an amendment would allow this program to keep pace with an expanding economy and would be most beneficial to eligible veterans.

Regarding the section of this bill dealing with the purchase of an automobile and adaptive automobile equipment, it is in agreement with DAV's Resolution No. 171 which seeks to increase the grant for automobiles or other conveyances available to certain disabled veterans and provide for automatic annual adjustments based on the increase in the cost of living. VA provides a grant to assist eligible disabled veterans and service members in purchasing specially equipped automobiles or other conveyances. The amount of the grant was set at an amount sufficient to cover the full cost of lower-priced automobiles in 1946. The current grant of \$11,000 represents only about 39 percent of the total average cost of automobiles based on most current available pricing. DAV is pleased to endorse this bill as it increases the automobile grant to an amount representing 80 percent of the average cost of new automobiles.

H.R. 1182, the Military Spouses Residency Relief Act. The DAV has no resolution on this issue. Additionally, this legislation is outside the scope of the DAV's mission. We nonetheless have no opposition to its favorable consideration.

H.R. 2416 requires VA contracting officers to use purchases of goods or services through the federal supply schedules for the purpose of meeting the government-wide goal for participation by small businesses owned and controlled by veterans and service-disabled veterans. The DAV has no resolution on this issue. We nonetheless have no opposition to its favorable consideration.

H.R. 2461, the Veterans Small Business Verification Act. This bill provides that applications by veteran small business owners for inclusion in a database of veteran-owned small businesses maintained by the VA constitute as permission for the Secretary to verify information included in the application. Such small businesses would not be included in the database until the VA receives sufficient information to verify their eligibility. The IB noted that the VA's database is critical to federal agencies when they certify veteran status and ownership. We therefore agree with the provisions of this bill.

We do, however, respectively request this bill be amended in such a way as to require all federal agencies to certify veteran status and ownership through the VA's Vendor Information Pages (VIP) program before awarding contracts to companies claiming to be veteran or service-disabled veteran-owned small businesses. Government agencies need a one-stop access to identify veteran and service-disabled veteran-owned small businesses and verify their veteran status.

H.R. 2614, the Veterans' Advisory Committee on Education Reauthorization Act of 2009. The DAV has no resolution on this issue. We nonetheless have no opposition to its favorable consideration.

H.R. 2696, the Servicemembers' Rights Protection Act. The DAV has no resolution on this issue. Additionally, this legislation is outside the scope of the DAV's mission. We nonetheless have no opposition to its favorable consideration.

H.R. 2874, the Helping Active Duty Deployed Act of 2009. The DAV has no resolution on this issue. Additionally, this legislation is outside the scope of the DAV's mission. We nonetheless have no opposition to its favorable consideration.

H.R. 2928, amends title 38, United State Code, to provide for an apprenticeship and on-the-job training program under the Post-9/11 Veterans Educational Assistance Program. The DAV has no resolution on this issue. We nonetheless have no opposition to its favorable consideration.

H.R. 3223, requires under current law, a VA contracting officer to award a contract to a small business concern owned and controlled by veterans using other than competitive procedures, often referred to as a sole source contract. This bill would prohibit using ownership and control by a veteran or veterans of more than one small business as grounds for disqualification from inclusion in an existing database of veteran-owned businesses. The DAV has no resolution on this issue. We nonetheless have no opposition to its favorable consideration.

H.R. 3554 would amend title 38, United States Code, to provide for the inclusion of certain active-duty service in the reserve components as qualifying service for purposes of Post-9/11 Educational Assistance Program. The DAV has no resolution on this issue. Additionally, this legislation is outside the scope of the DAV's mission. We nonetheless have no opposition to its favorable consideration.

H.R. 3561, to amend title 38, United States Code, to increase the amount of educational assistance provided to certain veterans for flight training, was introduced by Representative Teague. The DAV has no resolution on this issue. Additionally, this legislation is outside the scope of the DAV's mission. We nonetheless have no opposition to its favorable consideration.

H.R. 3577, the Education Assistance to Realign New Eligibilities for Dependents (EARNED) Act of 2009. The bill provides the authority for certain members of the Armed Forces who have served 20 years on active duty to transfer entitlement to Post-9/11 educational assistance to their dependents. The DAV has no resolution on this issue. We nonetheless have no opposition to its favorable consideration.

Madame Chair, this concludes my testimony on behalf of DAV. We hope you will consider our recommendations.